TEXTRON Automotive Company

David R. Green
Vice President

Environmental, Health, and Safety
Textron Automotive Company

750 Stephenson Highway
Troy, MI 48083

(810) 616-5506
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June 3, 1996

Phil Backlund
Director, Facilities Administration
Rockwell Automotive
2135 West Maple Road
Troy, MI 48084-7186

Re: Settlement Agreement -- Grenada Facility

Dear Phil:

In response to your letter of May 13, 1996 to Gary Atwell, the changes you have proposed are acceptable, except as follows:

1. In subparagraph 1 (a) (ii), future feasibility studies should not be unilaterally subject to a 85 - 15% cost sharing. To the extent the Feasibility Study relates to groundwater, the 85 - 15% cost sharing in 1 (a) (iii) should apply; but to the extent it relates to soil, the 100 - 0% cost sharing in 1 (a) (iv) should apply. The language relating to feasibility studies in each of these subparagraphs should return to the original. At the same time, the references in 1 (a) (i) and (ii) to maximum costs of $1.1 million and $1.5 million, respectively, should be restored.

2. With respect to the use of Textron's wastewater treatment facility, we had suggested language reflecting the understanding the parties had negotiated previously regarding Rockwell's use of the facility. There are a number of potential obstacles to the use of the wastewater treatment facility for groundwater remediation: its use for that purpose may prevent or complicate Textron's compliance with a recent order from EPA Region IV to implement a toxicity reduction evaluation plan at the Grenada plant; the wastewater treatment facility may not have the volumetric capacity or the treatment capability to handle the contaminated groundwater; use of the wastewater treatment facility for that purpose could have negative operational consequences to the treatment facility and the plant as a whole; it could impose substantial, additional costs on the wastewater treatment process; it could make regulatory compliance more difficult; and, depending on the regulatory characterization of the contaminated groundwater, it could jeopardize the continued use of the on-site sludge lagoon for disposal.

To compromise the issue, however, Textron proposes the following language as a substitute for subparagraph 2 (a) (iv):

> (iv) Textron shall, in the event that the Response Actions include the extraction and/or treatment of groundwater, allow use of its wastewater treatment plant for such purposes; provided that Textron's obligation to allow use of its wastewater treatment plant shall be contingent on the Parties obtaining all necessary federal, state, an local government permits and other approvals for such use (which the Parties shall use their best efforts to obtain), and shall be further contingent on Textron's determination, in its sole discretion, that such use will not interfere with or impose unacceptable burdens on Textron's operations or compliance with its regulatory obligations. In addition, the Parties agree to share any costs and expenses associated with such use of the wastewater treatment facility, and any associated liabilities (including, without limitations, penalties), in accordance with the allocation formula established in subparagraph 1 (a) (iii).

3. With respect to Rockwell's stated need to control the remediation, in keeping with its primary financial responsibility, Textron is unclear why Rockwell would opt to shift implementation to Textron. In addition, Textron is concerned that it may not have sufficient personnel resources to devote to a remediation project. To compromise on this issue as well, however, Textron would agree to Rockwell's proposed subparagraph 2 (b) through 2 (b) (i), but would add a new 2 (b) (ii) and would substitute a new 2 (b) (iii) for Rockwell's 2 (b) (ii):

> (ii) Textron, at its sole discretion, may incur costs and expenses to engage an outside consultant to implement, oversee or administer the Response Action, which costs and expenses shall be allocable under this Agreement; and
>
> (iii) Written invoices shall continue to be submitted to Rockwell and, upon application of Rockwell accompanied by written invoices, Textron shall make within thirty (30) days of receipt of such application, monthly payments of its allocated share of the costs and expense of the design and implementation of any Response Actions pursuant to subparagraph 1 (a) (iii) undertaken by Textron.

Also, the February date in the last sentence of the Agreement needs to be changed to June. Please do not hesitate to call me if you have any questions or comments regarding the above.

Sincerely,

David R. Green
Vice President, Environmental Affairs

cc: G. E. Atwell

Rec: A.C. Specone, Don Squire, Don Williams

Rockwell International Corporation
2135 West Maple Road
Troy, MI 48084-7186

Rec'd 5/16/96 ADA

Rockwell Automotive

May 13, 1996

Mr. Gary E. Atwell
Executive Vice President and General Manager
Manufacturing Operations
Textron Automotive Company
750 Stephenson Highway
Troy, Michigan 48083

Re: Settlement Agreement - Grenada Facility

Dear Gary:

I am writing in response to your March 14, 1996 letter regarding the Grenada settlement agreement. You enclosed with your letter proposed revisions to the agreement. Although generally I do not disagree with the conceptual statement of principles set forth in your letter, some of your proposed revisions to the agreement do not adequately reflect those principles or otherwise depart from the understandings reached. I have summarized below my major concerns with your proposed revisions, and have enclosed (1) a revised draft agreement, and (2) a "redlined" version of the agreement reflecting those changes which Rockwell finds acceptable. My comments are as follows:

1. The major concern raised by your letter and redraft is soil remediation. You state in your letter that "[a]s to all soil remediation, Rockwell accepts 100% responsibility for all costs past and future." However, as you acknowledge elsewhere in the document, Rockwell has no responsibility to remediate contamination resulting from Textron's on-going operations. Moreover, your suggested language limiting Rockwell's soil remediation obligations to "any of the areas of potential soil contamination identified in the Remedial Investigation Report" is too broad. As you know, the Remedial Investigation Report identifies several areas of "potential contamination," such as the active "sludge lagoon," that clearly are outside the scope of our agreement. To clarify the issue, I have revised subparagraph l(a)(iv) to cover "the areas of potential soil contamination identified in the Remedial Investigation Report and determined by MDEQ to require remediation in accordance with the Feasibility Study."

2. With respect to subparagraph 1(b), I have no problem with your deletion of the requirement that future response actions be consistent with the NCP, provided that the agreement

remains clear that Rockwell has the right to choose whether to perform the future work or to pay for Textron to do so. (This issue is discussed in more detail below.)

3. With respect to subparagraphs 2(a) and (b), you deleted language which gave Rockwell the right, at its discretion, to undertake the future work or to elect simply to pay for Textron's performance of the work. This provision, in Rockwell's view, goes to the very heart of the agreement. Rockwell is paying for the vast majority of the future costs and must have the right (in consultation with Textron) to control the cleanup if it so wishes. Thus, your proposed revisions to these subparagraphs are not acceptable, except that Rockwell will agree to provide 90 days notice to Textron if Rockwell elects not to perform the work and instead to pay for Textron to perform it.

4. With respect to subparagraph 2(a)(iv), you indicated in your cover letter that Textron was agreeable to permitting use of the facility's wastewater treatment plant in connection with any groundwater remediation. However, in your proposed revisions to the agreement itself, you deleted the language which would have allowed Rockwell to use Textron's wastewater plant for treatment of extracted groundwater, and replaced it with language that simply would allow Rockwell to use Textron's discharge permit. It appears that, under your proposed language, Rockwell would have to construct a separate treatment plant and would have to discharge the treated groundwater at the end of the Textron treatment train. Moreover, under your language, Rockwell would have to bear the costs and liabilities arising from use of Textron's permit, regardless of the cost-sharing provisions of the agreement. These provisions are not acceptable to Rockwell, and are contrary to prior discussions between the parties regarding this issue.

Please call me if you have any questions or comments regarding the foregoing or regarding the draft agreement. I look forward to hearing from you.

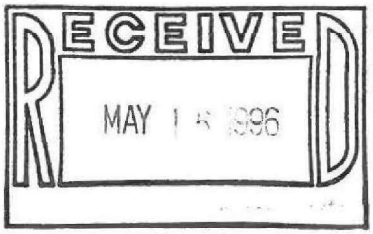
Sincerely,

Phil Backlund
Director
Facilities Administration

JCM/rrb

Enclosure

PB042.doc



SETTLEMENT AGREEMENT

This Settlement Agreement ("the Agreement") is made by and between Rockwell International Corporation, a Delaware corporation acting through its Automotive Division, whose principal place of business is 2135 West Maple Road, Troy, Michigan ("Rockwell") and Textron Inc., a Delaware corporation whose principal place of business is 40 Westminster Street, Providence, Rhode Island ("Textron"). Rockwell and Textron shall hereinafter be referred to collectively as "the Parties."

WHEREAS, on or about August 22, 1990, the Mississippi Department of Environmental Quality ("MDEQ") issued to the Parties Administrative Order No. 1859-90 (the "Order") requiring the Parties to "develop and execute a work plan to delineate and characterize the extent of any contaminant releases or potential releases" relating to an on-site waste disposal area at the Randall Textron manufacturing facility in Grenada, Mississippi (the "Grenada facility"); and

WHEREAS, pursuant to the Order, Rockwell conducted a remedial investigation at the Grenada facility which resulted in the issuance of a report prepared by Eckenfelder, Inc., entitled "Draft Remedial Investigation Report, Randall Textron Plant Site, Grenada, Mississippi" ("Remedial Investigation Report"), which was transmitted to MDEQ on or about January 27, 1994; and

WHEREAS, MDEQ approval of the Remedial Investigation Report is pending, following which Rockwell will be required to conduct a feasibility study ("Feasibility Study") to evaluate appropriate remedial action alternatives to address the presence of environmental contaminants in groundwater and in soils at the Grenada facility, as identified in the Remedial Investigation Report; and

WHEREAS, Rockwell has conducted cleanup measures at three locations at the Grenada facility identified in the Remedial Investigation Report as the "on-site landfill," the "former toluene storage area," and the "former trichloroethene storage area;" and

WHEREAS, on or about March 19, 1991, Textron and the MDEQ entered into an Administrative Order No. 2012-91 ("Agreed Order") pursuant to which Textron consented to undertake certain measures necessary to bring a surface impoundment at the Grenada facility, referred to as the "equalization lagoon," into compliance with applicable environmental regulations; and

WHEREAS, Rockwell has conducted soil treatment measures at the on-site landfill, and the Parties believe that MDEQ may require soil treatment at the former toluene storage area and/or the former trichloroethene storage area; and

WHEREAS, the Parties further believe that MDEQ may require extraction and treatment of groundwater, and possibly excavation of stream sediments, at the Grenada facility; and

WHEREAS, the Parties have asserted claims against each other for indemnification for the

costs and expenses incurred and to be incurred by the Parties in undertaking the foregoing environmental measures (hereinafter, "Response Actions") at the Grenada facility; and

WHEREAS, the Parties' claims for indemnification arise pursuant to the Purchase Agreement dated July 1, 1985, whereby Rockwell sold and Textron purchased certain assets of Rockwell's Automotive Wheel Trim Business, including the Grenada facility; and

WHEREAS, the Parties believe that they also have claims against each other under federal law, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq. ("CERCLA"), and under state law, for the costs and expenses incurred and to be incurred by the Parties in undertaking the Response Actions at the Grenada facility; and

WHEREAS, the Parties desire, without admitting any issues of fact or law or any liability or responsibility, to eliminate the need for any litigation between the Parties on these claims by entering into an arrangement whereby certain costs and expenses incurred and to be incurred by the Parties in undertaking Response Actions at the Grenada facility will be shared equitably between them as a final and complete compromise of their potential responsibility for such Response Actions;

NOW, THEREFORE, in consideration of the foregoing and the mutual undertakings and covenants herein set forth, the Parties hereby agree as follows:

1. Allocation of Costs.

(a) This Agreement shall allocate between the Parties the following costs and expenses for Response Actions:

(i) Costs and expenses invoiced by Woodward-Clyde Consultants, Secor Environmental Engineering, and any subcontractors thereto for the closure of the equalization lagoon at the Grenada facility pursuant to and in accordance with Agreed Order No. 2012-91 issued by MDEQ shall be allocated eighty percent (80%) to Rockwell and twenty percent (20%) to Textron;

(ii) Costs and expenses invoiced by Eckenfelder, Inc. (Rockwell's remedial investigation contractor), and any subcontractors thereto for the conduct and preparation of the Remedial Investigation Report and the Feasibility Study pursuant to and in accordance with Administrative Order No. 1859-90 issued by MDEQ shall be allocated eighty-five percent (85%) to Rockwell and fifteen percent (15%) to Textron;

(iii) Costs and expenses incurred in the design and implementation of Response Actions subsequent to the date of this Agreement (including any additional feasibility studies related thereto) to address contaminated groundwater and/or sediments identified in the Remedial Investigation Report and determined by MDEQ to require remediation in accordance with the Feasibility Study shall be allocated eighty-five percent (85%) to Rockwell and fifteen percent (15%) to Textron, provided that such future Response Actions are either (1) mutually agreed to

by the Parties or (2) lawfully imposed upon either or both of the Parties pursuant to Mississippi or federal law following final adjudication or issuance of a final administrative order.

(iv) Costs and expenses incurred in the design and implementation of Response Actions subsequent to the date of this Agreement (including any additional feasibility studies related thereto) to address the areas of potential soil contamination identified in the Remedial Investigation Report and determined by MDEQ to require remediation in accordance with the Feasibility Study shall be allocated one hundred percent (100%) to Rockwell and zero percent (0%) to Textron, provided that such future Response Actions are either (i) mutually agreed to by the Parties or (ii) lawfully imposed upon either or both of the Parties pursuant to Mississippi or federal law following adjudication or issuance of a final administrative order.

(b) The Parties agree that Textron's allocated share under subparagraph (iii) above shall not exceed one million dollars ($1,000,000). The Parties further agree that the costs and expenses incurred and to be incurred in the design and implementation of future Response Actions allocated pursuant to subparagraphs (iii) and (iv) above shall be limited to costs and expenses that are reasonable under the circumstances. No costs or expenses incurred after the date of this Agreement and in the design and implementation of future Response Actions allocated pursuant to subparagraphs (iii) and (iv) shall be recoverable from the other Party unless the incurring Party provides thirty (30) days notice to the other Party prior to incurring such costs and expenses and thereafter exercises best efforts to keep the other Party advised of the costs and expenses incurred. In no event shall the costs and expenses allocated pursuant to subparagraphs (i) through (iv) above include legal fees, penalties, or costs internal to a Party.

(c) Within sixty (60) days of execution of this Agreement by both Parties, Textron shall provide to Rockwell an accounting, accompanied by written invoices, of all costs and expenses to be allocated pursuant to subparagraph (a)(i) above, and Rockwell shall provide to Textron an accounting of all costs and expenses, accompanied by written invoices, to be allocated pursuant to subparagraph (a)(ii) above. Within sixty (60) days thereafter, each Party shall pay its allocated share of such costs and expenses.

2. Conditions and Limitations.

(a) Rockwell shall have the right, at its sole discretion, to undertake any future Response Actions described in subparagraphs 1.(a)(iii) and (iv) above and to negotiate with the appropriate government agencies regarding the terms and conditions thereof. In such event, the following conditions shall apply:

(i) Textron shall grant Rockwell, and its agents, representatives, independent contractors, and invitees, reasonable access to the Grenada facility for all purposes consistent with the design and implementation of the Response Actions, provided that reasonable notice of the need for such access is given;

(ii) Textron shall not unreasonably take, or cause to be taken, any action which would interfere with or adversely affect the Response Actions at the Grenada facility, and Rockwell shall

exercise best efforts to prevent unreasonable interference with the operations of the Grenada facility during the design and implementation of the Response Actions;

(iii) Rockwell shall exercise its best efforts to keep Textron advised of the negotiations with the government agencies and of the progress of the Response Actions;

(iv) Textron shall, in the event that the Response Actions include the extraction and/or treatment of groundwater, allow use of its wastewater treatment plant for such purposes; provided that Textron's obligation to allow use of its wastewater treatment plant shall be contingent on the Parties obtaining all necessary federal, state and local government permits and other approvals for such use. Textron shall, in cooperation with Rockwell, apply for all such permits and approvals and shall use its best efforts to obtain such permits and approvals;

(v) Upon application of Rockwell accompanied by written invoices, Textron shall make, within thirty (30) days of receipt of such application, monthly payments of its allocated share of the costs and expenses of the Feasibility Study pursuant to subparagraph 1(a)(ii) and of the design and implementation of any Response Actions pursuant to subparagraph 1(a)(iii) undertaken by Rockwell.

(b) Rockwell may elect, at its sole discretion, and upon giving 90 days prior notice to Textron, not to undertake any future Response Actions described in subparagraphs 1.(a)(iii) or (iv) above and not to negotiate with the relevant government agencies regarding the terms and conditions thereof. In such event, the following conditions shall apply:

(i) Textron shall exercise its best efforts to keep Rockwell advised of its negotiations with the government agencies and of the progress of the Response Actions; and

(ii) Upon application of Textron accompanied by written invoices, Rockwell shall make, within thirty (30) days of receipt of such application, monthly payments of its allocated share of the costs and expenses of the design and implementation of the Response Actions undertaken by Textron.

3. Final Compromise and Release. This Agreement constitutes a final compromise of responsibility for Response Actions at the Grenada facility, regardless of future developments, including, but not limited to, any discovery of new facts regarding the relative responsibility of the Parties or of any other person for such Response Actions, the initiation of legal action by any person, or any adjudication allocating responsibility between the Parties in a manner other than as set forth herein. Each of the Parties waives any and all causes of action, claims, or demands it might otherwise have under the July 1, 1985 Purchase Agreement, statutory law, common law or otherwise against the other party for or as a result of Response Actions taken, and/or the conditions necessitating such Response Actions, and waives any and all defenses it might otherwise have under the July 1, 1985 Purchase Agreement, statutory law, common law, or otherwise to the allocation in Paragraph 1 hereof. In addition, each of the Parties waives any and all causes of action, claims or demands it might otherwise have against the other Party with respect to costs and expenses incurred prior to the date of this Agreement arising out of or

relating to Response Actions.

4. Entire Agreement. This Agreement constitutes the entire agreement of the Parties and supersedes any prior agreements between the Parties relating to Response Actions.

5. Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the successors and assigns of the Parties. No assignment of this Agreement shall be made by either Party hereto without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

6. Amendment. The Agreement may be amended only by an agreement in writing duly executed by both Parties

7. Confidentiality. Unless required to do so by law or order of a judicial or administrative authority, neither Party shall disclose the fact or existence of this Agreement, or any information generated pursuant to this Agreement, without the prior written approval of the other Party, which approval shall not be unreasonably withheld.

8. Disputes. If there is a dispute over any of the terms of the Agreement, there shall be a meeting of the Parties within seven (7) days, which shall be attended by a representative of each Party who has authority to resolve the dispute. The meeting shall be scheduled following written notice by any Party that a dispute exists and shall be a prerequisite to any action, suit or proceeding over any of the terms of the Agreement except when injuctive relief is sought.

9. Severability. If any section, subsection, sentence or clause of this Agreement is adjudged by any court of competent jurisdiction to be illegal, invalid, or unenforceable, such adjudication shall not affect the legality, validity, or enforceability of the Agreement as a whole or of any section, subsection, sentence or clause hereof not so adjudged.

10. Affect on Other Persons. This Agreement is not intended for the benefit of any person not a party hereto, and, except as specified in paragraph 5 above, it is not subject to enforcement by any person other than a Party hereto.

11. Scope of Agreement: Headings. This Agreement constitutes the entire understanding of the Parties with respect to its subject matter. All headings used in this Agreement are provided as a matter of convenience only and shall not govern or be used to interpret the meaning of any provision of this Agreement.

12. Miscellaneous

(a) Rockwell and Textron warrant to each other that all necessary authorizations and all other actions have been taken such that execution, delivery and performance of this Settlement Agreement and all other actions taken or to be taken in connection with this Settlement Agreement have been fully authorized.

(b) The representations, warranties and covenants contained herein are and will be deemed and construed to be continuing representations, warranties and covenants, and will survive the date of execution of this Settlement Agreement.

(c) This Settlement Agreement may be executed in one or more counterparts, each of which will be deemed any original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties and delivered as a sealed instrument as of this __th day of February, 1996.

ROCKWELL INTERNATIONAL CORPORATION

By:_____
Its_____
being hereunto duly authorized

TEXTRON INC.

By:_____
Its_____
being hereunto duly authorized

2048927.1

SETTLEMENT AGREEMENT

This Settlement Agreement ("the Agreement") is made by and between Rockwell International Corporation, a Delaware corporation acting through its Automotive Division, whose principal place of business is 2135 West Maple Road, Troy, Michigan ("Rockwell") and Textron Inc., a Delaware corporation whose principal place of business is 40 Westminster Street, Providence, Rhode Island ("Textron"). Rockwell and Textron shall hereinafter be referred to collectively as "the Parties."

WHEREAS, on or about August 22, 1990, the Mississippi Department of Environmental Quality ("MDEQ") issued to the Parties Administrative Order No. 1859-90 (the "Order") requiring the Parties to "develop and execute a work plan to delineate and characterize the extent of any contaminant releases or potential releases" relating to an on-site waste disposal area at the Randall Textron manufacturing facility in Grenada, Mississippi (the "Grenada facility"); and

WHEREAS, pursuant to the Order, Rockwell conducted a remedial investigation at the Grenada facility which resulted in the issuance of a report prepared by Eckenfelder, Inc., entitled "Draft Remedial Investigation Report, Randall Textron Plant Site, Grenada, Mississippi" ("Remedial Investigation Report"), which was transmitted to MDEQ on or about January 27, 1994; and

WHEREAS, **MDEQ approval of** the Remedial Investigation Report ~~revealed, among other things,~~ **is pending, following which Rockwell will be required to conduct a feasibility study ("Feasibility Study") to evaluate appropriate remedial action alternatives to address** the presence of environmental contaminants in groundwater and in soils at the Grenada facility**, as identified in the Remedial Investigation Report**; and

WHEREAS, Rockwell has conducted cleanup measures at three locations at the Grenada facility identified in the Remedial Investigation Report as the "on-site landfill," the "former toluene storage area," and the "former trichloroethene storage area;" and

WHEREAS, on or about March 19, 1991, Textron and the MDEQ entered into an Administrative Order No. 2012-91 ("Agreed Order") pursuant to which Textron consented to undertake certain measures necessary to bring a surface impoundment at the Grenada facility, referred to as the "equalization lagoon," into compliance with applicable environmental regulations; and

WHEREAS, Rockwell has conducted soil treatment measures at the on-site landfill, and the Parties believe that MDEQ may require soil treatment at the former toluene storage area and/or the former trichloroethene storage area; and

WHEREAS, the Parties further believe that MDEQ may require extraction and treatment of groundwater, and possibly excavation of stream sediments, at the Grenada facility; and

WHEREAS, the Parties have asserted claims against each other for indemnification for the

costs and expenses incurred and to be incurred by the Parties in undertaking the foregoing environmental measures (hereinafter, "Response Actions") at the Grenada facility; and

WHEREAS, the Parties' claims for indemnification arise pursuant to the Purchase Agreement dated July 1, 1985, whereby Rockwell sold and Textron purchased certain assets of Rockwell's Automotive Wheel Trim Business, including the Grenada facility; and

WHEREAS, the Parties believe that they also have claims against each other under federal law, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq. ("CERCLA"), and under state law, for the costs and expenses incurred and to be incurred by the Parties in undertaking the Response Actions at the Grenada facility; and

WHEREAS, the Parties desire, without admitting any issues of fact or law or any liability or responsibility, to eliminate the need for any litigation between the Parties on these claims by entering into an arrangement whereby certain costs and expenses incurred and to be incurred by the Parties in undertaking Response Actions at the Grenada facility will be shared equitably between them as a final and complete compromise of their potential responsibility for such Response Actions;

NOW, THEREFORE, in consideration of the foregoing and the mutual undertakings and covenants herein set forth, the Parties hereby agree as follows:

1. Allocation of Costs.

(a) This Agreement shall allocate between the Parties the following costs and expenses for Response Actions:

(i) Costs and expenses invoiced by Woodward-Clyde Consultants, Secor Environmental Engineering, and any subcontractors thereto for the closure of the equalization lagoon at the Grenada facility pursuant to and in accordance with Agreed Order No. 2012-91 issued by MDEQ shall be allocated eighty percent (80%) to Rockwell and twenty percent (20%) to Textron;

(ii) Costs and expenses invoiced by Eckenfelder, Inc. (Rockwell's remedial investigation contractor), and any subcontractors thereto for the conduct and preparation of the Remedial Investigation Report **and the Feasibility Study** pursuant to and in accordance with Administrative Order No. 1859-90 issued by MDEQ shall be allocated eighty-five percent (85%) to Rockwell and fifteen percent (15%) to Textron;

(iii) Costs and expenses incurred in the design and implementation of Response Actions subsequent to the date of this Agreement (including any **additional** feasibility studies related thereto) to address contaminated groundwater and/or sediments identified in the Remedial Investigation Report **and determined by MDEQ to require remediation in accordance with the Feasibility Study** shall be allocated eighty-five percent (85%) to Rockwell and fifteen percent (15%) to Textron, provided that such future Response Actions are either ~~(i)~~**(1)** mutually

agreed to by the Parties or ~~(ii)~~**(2)** lawfully imposed upon either or both of the Parties pursuant to Mississippi or federal law following final adjudication or issuance of a final administrative order.

(iv) Costs and expenses incurred in the design and implementation of Response Actions subsequent to the date of this Agreement (including any **additional** feasibility studies related thereto) to address the areas of potential soil contamination identified in the Remedial Investigation Report ~~as the "on-site landfill," the "former toluene storage area," and the "former trichloroethene storage area"~~**and determined by MDEQ to require remediation in accordance with the Feasibility Study** shall be allocated one hundred percent (100%) to Rockwell and zero percent (0%) to Textron, provided that such future Response Actions are either (i) mutually agreed to by the Parties or (ii) lawfully imposed upon either or both of the Parties pursuant to Mississippi or federal law following adjudication or issuance of a final administrative order.

(b) The Parties agree that Textron's allocated share under subparagraph (iii) above shall not exceed one million dollars ($1,000,000). The Parties further agree that the costs and expenses incurred and to be incurred in the design and implementation of future Response Actions allocated pursuant to subparagraphs (iii) and (iv) above shall be limited to costs and expenses that are reasonable under the circumstances ~~and that are consistent with the National Contingency Plan and otherwise are recoverable under CERCLA~~. No costs or expenses incurred ~~incurred~~ **after the date of this Agreement and** in the design and implementation of future Response Actions allocated pursuant to subparagraphs (iii) and (iv) shall be recoverable from the other Party unless the incurring Party provides thirty (30) days notice to the other Party prior to incurring such costs and expenses and thereafter exercises best efforts to keep the other Party advised of the costs and expenses incurred. In no event shall the costs and expenses allocated pursuant to subparagraphs (i) through (iv) above include legal fees, penalties, or costs internal to a Party.

(c) Within sixty (60) days of execution of this Agreement by both Parties, Textron shall provide to Rockwell an accounting, accompanied by written invoices, of all costs and expenses to be allocated pursuant to subparagraph (a)(i) above, and Rockwell shall provide to Textron an accounting of all costs and expenses, accompanied by written invoices, to be allocated pursuant to subparagraph (a)(ii) above. Within sixty (60) days thereafter, each Party shall pay its allocated share of such costs and expenses.

2. Conditions and Limitations.

(a) Rockwell shall have the right, at its sole discretion, to undertake any future Response Actions described in subparagraphs 1.(a)(iii) and (iv) above and to negotiate with the appropriate government agencies regarding the terms and conditions thereof. In such event, the following conditions shall apply:

(i) Textron shall grant Rockwell, and its agents, representatives, independent contractors, and invitees, **reasonable** access to the Grenada facility for all purposes consistent with the design and implementation of the Response Actions, provided that reasonable notice of the need for such

access is given;

(ii) Textron shall not **unreasonably** take, or cause to be taken, any action which would interfere with or adversely affect the Response Actions at the Grenada facility, and Rockwell shall exercise best efforts to prevent unreasonable interference with the operations of the Grenada facility during the design and implementation of the Response Actions;

(iii) Rockwell shall exercise its best efforts to keep Textron advised of the negotiations with the government agencies and of the progress of the Response Actions;

(iv) Textron shall, in the event that the Response Actions include the extraction and/or treatment of groundwater, allow use of its wastewater treatment plant for such purposes; provided that Textron's obligation to allow use of its wastewater treatment plant shall be contingent on the Parties obtaining all necessary federal, state and local government permits and other approvals for such use. Textron shall, in cooperation with Rockwell, apply for all such permits and approvals and shall use its best efforts to obtain such permits and approvals;

(v) Upon application of Rockwell accompanied by written invoices, Textron shall make, within thirty (30) days of receipt of such application, monthly payments of its allocated share of the costs and expenses of the **Feasibility Study pursuant to subparagraph 1(a)(ii) and of the** design and implementation of ~~the~~ **any** Response Actions **pursuant to subparagraph 1(a)(iii)** undertaken by Rockwell.

(b) Rockwell may elect, at its sole discretion, **and upon giving 90 days prior notice to Textron,** not to undertake any future Response Actions described in subparagraphs 1.(a)(iii) or (iv) above and not to negotiate with the relevant government agencies regarding the terms and conditions thereof. In such event, the following conditions shall apply:

(i) Textron shall exercise its best efforts to keep Rockwell advised of its negotiations with the government agencies and of the progress of the Response Actions; and

(ii) Upon application of Textron accompanied by written invoices, Rockwell shall make, within thirty (30) days of receipt of such application, monthly payments of its allocated share of the costs and expenses of the design and implementation of the Response Actions undertaken by Textron.

3. Final Compromise and Release. This Agreement constitutes a final compromise of responsibility for Response Actions at the Grenada facility, regardless of future developments, including, but not limited to, any discovery of new facts regarding the relative responsibility of the Parties or of any other person for such Response Actions, the initiation of legal action by any person, or any adjudication allocating responsibility between the Parties in a manner other than as set forth herein. Each of the Parties waives any and all causes of action, claims, or demands it might otherwise have under the July 1, 1985 Purchase Agreement, statutory law, common law or otherwise against the other party for or as a result of Response Actions taken, and/or the conditions necessitating such Response Actions, and waives any and all defenses it might otherwise have under the July 1, 1985 Purchase Agreement, statutory law, common law, or

otherwise to the allocation in Paragraph 1 hereof. In addition, each of the Parties waives any and all causes of action, claims or demands it might otherwise have against the other Party with respect to costs and expenses incurred prior to the date of this Agreement arising out of or relating to Response Actions.

4. Entire Agreement. This Agreement constitutes the entire agreement of the Parties and supersedes any prior agreements between the Parties relating to Response Actions.

5. Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the successors and assigns of the Parties. No assignment of this Agreement shall be made by either Party hereto without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

6. Amendment. The Agreement may be amended only by an agreement in writing duly executed by both Parties

7. Confidentiality. Unless required to do so by law or order of a judicial or administrative authority, neither Party shall disclose the fact or existence of this Agreement, or any information generated pursuant to this Agreement, without the prior written approval of the other Party, which approval shall not be unreasonably withheld.

8. Disputes. If there is a dispute over any of the terms of the Agreement, there shall be a meeting of the Parties within seven (7) days, which shall be attended by a representative of each Party who has authority to resolve the dispute. The meeting shall be scheduled following written notice by any Party that a dispute exists and shall be a prerequisite to any action, suit or proceeding over any of the terms of the Agreement except when injuctive relief is sought.

9. Severability. If any section, subsection, sentence or clause of this Agreement is adjudged by any court of competent jurisdiction to be illegal, invalid, or unenforceable, such adjudication shall not affect the legality, validity, or enforceability of the Agreement as a whole or of any section, subsection, sentence or clause hereof not so adjudged.

10. Affect on Other Persons. This Agreement is not intended for the benefit of any person not a party hereto, and, except as specified in paragraph 5 above, it is not subject to enforcement by any person other than a Party hereto.

11. Scope of Agreement: Headings. This Agreement constitutes the entire understanding of the Parties with respect to its subject matter. All headings used in this Agreement are provided as a matter of convenience only and shall not govern or be used to interpret the meaning of any provision of this Agreement.

12. Miscellaneous

(a) Rockwell and Textron warrant to each other that all necessary authorizations and all other actions have been taken such that execution, delivery and performance of this Settlement

Agreement and all other actions taken or to be taken in connection with this Settlement Agreement have been fully authorized.

(b) The representations, warranties and covenants contained herein are and will be deemed and construed to be continuing representations, warranties and covenants, and will survive the date of execution of this Settlement Agreement.

(c) This Settlement Agreement may be executed in one or more counterparts, each of which will be deemed any original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties and delivered as a sealed instrument as of this __th day of February, 1996.

ROCKWELL INTERNATIONAL CORPORATION

By:_____
Its_____
being hereunto duly authorized

TEXTRON INC.

By:_____
Its_____
being hereunto duly authorized

TEXTRON Automotive Company

TEXTRON AUTOMOTIVE COMPANY/Subsidiary of Textron Inc. **FACSIMILE TRANSMISSION**

750 Stephenson Highway, Troy, MI 48083

Date:	May 28, 1996	
To:	Andrew C. Spacone Daniel H. Squire **Facsimile: (401) 457-6028; (202) 663-6363**	**Phone:**
Company:		
From:	David R. Green **Facsimile: (810) 616-5145**	**Phone: (810) 616-5506**
Subject:	Draft Letter Rockwell Agreement	
Copies to:		

Page(s) 3 **including this page**

Attached is the draft of the response to Rockwell's 5/13/96 letter. Dan, as you can see I took your language verbatim, with the exception of the first paragraph where I clarified(?) the fact that we were referring to future feasibility studies. The cost allocation of the formally agreed upon amounts of $1.5 and $1.1 million remain unaffected.

Also, I have spoken to John Bozick at Rockwell regarding the wastewater treatment facility usage (and the associated language change). We seem to be in conceptual agreement, and have an understanding that Textron can not do anything that would have a negative impact on its' current operation (wastewater facility or otherwise). Pending 'lawyer' approval of language, this issue should go away.

Please let me know if you have any additional thoughts or comments.

Thanks,
Dave

Draft Letter Response to Rockwell

TEXTRON Automotive Company

David R. Green
Vice President

Environmental, Health, and Safety
Textron Automotive Company

750 Stephenson Highway
Troy, MI 48083

(810) 616-5506
FAX (810) 616-5145

May 28, 1996

Phil Backlund
Director, Facilities Administration
Rockwell Automotive
2135 West Maple Road
Troy, MI 48084-7186

Re: Settlement Agreement -- Grenada Facility

Dear Phil:

In response to your letter of May 13, 1996 to Gary Atwell, the changes you have proposed are acceptable, except as follows:

1. In subparagraph 1 (a) (ii), future feasibility studies should not be unilaterally subject to a 85 - 15% cost sharing. To the extent the Feasibility Study relates to groundwater, the 85 - 15% cost sharing in 1 (a) (iii) should apply; but to the extent it relates to soil, the 100 - 0% cost sharing in 1 (a) (iv) should apply. The language relating to feasibility studies in each of these subparagraphs should return to the original. At the same time, the references in 1 (a) (i) and (ii) to maximum costs of $1.1 million and $1.5 million, respectively, should be restored.

2. With respect to the use of Textron's wastewater treatment facility, we had suggested language reflecting the understanding the parties had negotiated previously regarding Rockwell's use of the facility. There are a number of potential obstacles to the use of the wastewater treatment facility for groundwater remediation: its use for that purpose may prevent or complicate Textron's compliance with a recent order from EPA Region IV to implement a toxicity reduction evaluation plan at the Grenada plant; the wastewater treatment facility may not have the volumetric capacity or the treatment capability to handle the contaminated groundwater; use of the wastewater treatment facility for that purpose could have negative operational consequences to the treatment facility and the plant as a whole; it could impose substantial, additional costs on the wastewater treatment process; it could make regulatory compliance more difficult; and, depending on the regulatory characterization of the contaminated groundwater, it could jeopardize the continued use of the on-site sludge lagoon for disposal.

To compromise the issue, however, Textron proposes the following language as a substitute for subparagraph 2 (a) (iv):

> (iv) Textron shall, in the event that the Response Actions include the extraction and/or treatment of groundwater, allow use of its wastewater treatment plant for such purposes; provided that Textron's obligation to allow use of its wastewater treatment plant shall be contingent on the Parties obtaining all necessary federal, state, an local government permits and other approvals for such use (which the Parties shall use their best efforts to obtain), and shall be further contingent on Textron's determination, in its sole discretion, that such use will not interfere with or impose unacceptable burdens on Textron's operations or compliance with its regulatory obligations. In addition, the Parties agree to share any costs and expenses associated with such use of the wastewater treatment facility, and any associated liabilities (including, without limitations, penalties), in accordance with the allocation formula established in subparagraph 1 (a) (iii).

3. With respect to Rockwell's stated need to control the remediation, in keeping with its primary financial responsibility, Textron is unclear why Rockwell would opt to shift implementation to Textron. In addition, Textron is concerned that it may not have sufficient personnel resources to devote to a remediation project. To compromise on this issue as well, however, Textron would agree to Rockwell's proposed subparagraph 2 (b) through 2 (b) (i), but would add a new 2 (b) (ii) and would substitute a new 2 (b) (iii) for Rockwell's 2 (b) (ii):

> (ii) Textron, at its sole discretion, may incur costs and expenses to engage an outside consultant to implement, oversee or administer the Response Action, which costs and expenses shall be allocable under this Agreement; and
>
> (iii) Written invoices shall continue to be submitted to Rockwell and, upon application of Rockwell accompanied by written invoices, Textron shall make within thirty (30) days of receipt of such application, monthly payments of its allocated share of the costs and expense of the design and implementation of any Response Actions pursuant to subparagraph 1 (a) (iii) undertaken by Textron.

Also, the February date in the last sentence of the Agreement needs to be changed to June. Please do not hesitate to call me if you have any questions or comments regarding the above.

Sincerely,

David R. Green
Vice President, Environmental Affairs

cc: G. E. Atwell